



ANNUAL INFORMATION FORM

For the Year Ended December 31, 2012

Dated March 7, 2013

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PRIMARIS RETAIL REAL ESTATE INVESTMENT TRUST

The information in this Annual Information Form is current to December 31, 2012, unless otherwise noted. All dollar amounts are in Canadian Dollars.

FORWARD-LOOKING STATEMENTS

The Annual Information Form ("AIF") contains forward-looking information based on management's best estimates and the current operating environment. These forward-looking statements are related to, but not limited to, Primaris Retail REIT's ("Primaris") operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements.

In particular, certain statements in this document discuss Primaris' anticipated outlook of future events. These statements include, but are not limited to:

- (i) the accretive acquisition of properties and the anticipated extent of the accretion of any acquisitions, which could be impacted by demand for properties and the effect that demand has on acquisition capitalization rates and changes in the cost of capital;
- (ii) reinvesting to make improvements and maintenance to existing properties, which could be impacted by the availability of labour and capital resource allocation decisions;
- (iii) generating improved rental income and occupancy levels, which could be impacted by changes in demand for Primaris' properties, tenant bankruptcies, the effects of general economic conditions and supply of competitive locations in proximity to Primaris locations;
- (iv) overall indebtedness levels, which could be impacted by the level of acquisition activity Primaris is able to achieve and future financing opportunities;
- (v) tax exempt status, which can be impacted by regulatory changes enacted by governmental authorities;
- (vi) anticipated distributions and payout ratios, which could be impacted by capital expenditures, results of operations and capital resource allocation decisions;
- (vii) the effect that any contingencies would have on Primaris' financial statements;
- (viii) anticipated replacement of expiring tenancies, which could be impacted by the effects of general economic conditions and the supply of competitive locations; and
- (ix) the development of properties which could be impacted by real estate market cycles, the availability of labour and general economic conditions; and
- (x) the anticipated outcome of the transactions contemplated by on the Arrangement Agreement (the "Arrangement") with H&R Real Estate Investment Trust and H&R Finance Trust (collectively "H&R") and conditional asset purchase agreements with members of the KingSett Capital led Consortium ("KingSett").

Although the forward-looking statements contained in this document are based on what management of Primaris believes are reasonable assumptions, forward-looking statements involve significant risks and uncertainties. They should not be read as guarantees of future performance or results and will not necessarily be an accurate indicator of whether or not such results will be achieved. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results to differ from targets, expectations or estimates expressed in the forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include: consumer spending patterns, relatively stable interest costs, access to equity and debt capital markets to fund, at acceptable costs, the future growth program and to enable Primaris to refinance debts as they mature, and the availability of purchase opportunities for growth.

Except as required by applicable law, Primaris undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

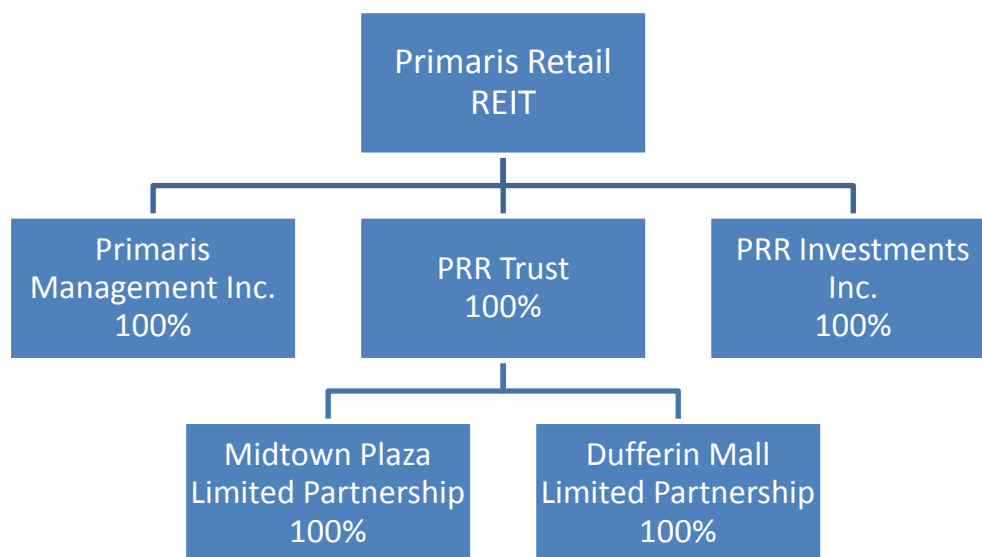
Primaris is an unincorporated, open-ended real estate investment trust established on March 28, 2003 by a Declaration of Trust under, and governed by, the laws of the Province of Ontario as amended and restated. Primaris was formed to directly or indirectly own, manage, lease and develop retail properties, primarily in Canada. The head office of Primaris is located at Suite 900, 1 Adelaide Street East, Toronto, ON, M5C 2V9.

Primaris' Units and convertible debentures trade under the symbols PMZ.UN and PMZ.DB, PMZ.DB.B and PMZ.DB.C respectively.

The Board of Trustees of Primaris is responsible for the general control and direction of Primaris, including decisions regarding the acquisition and disposition of Primaris' assets.

INTERCORPORATE RELATIONSHIPS

The following diagram illustrates the organizational structure of Primaris and its principal subsidiaries as at December 31, 2012.



Primaris Retail REIT and PRR Trust are trusts governed by Ontario law. All properties are held in PRR Trust or in subsidiaries of PRR Trust.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Primaris has been internally managed since January 1, 2010 by a management team, most of whom were previously employed by the former asset manager and involved in managing Primaris' portfolio since its initial public offering. This change to its management structure followed a seven year relationship with external asset and property managers. The contracts for these managers expired on December 31, 2009. Until December 31, 2009, management of Primaris had largely been carried out by employees of the former asset manager and property management services were provided to Primaris by the former property manager.

Primaris has an experienced management team and over 590 employees. In the past three years, Primaris has added to its portfolio of properties, acquiring ten principal properties and several smaller properties. Total assets are recorded at \$4,218 million. The portfolio now consists of thirty-five principal properties in twenty eight markets spanning seven Canadian provinces. The portfolio's approximately 15 million square feet ("SF") of retail space is 97.7% occupied as of December 31, 2012.

On January 16, 2013, H&R Real Estate Investment Trust ("H&R REIT") and H&R Finance Trust (collectively "H&R") and Primaris announced that they, together with PRR Investments Inc. had entered into an arrangement agreement whereby, among other things, H&R REIT would acquire substantially all of the assets of Primaris and Primaris would become a wholly-owned subsidiary of H&R REIT.

On February 5, 2013 Primaris and the KingSett Capital led consortium announced that H&R and Primaris, together with PRR Investments Inc., had amended their previously announced arrangement agreement. Under the amended agreement the KingSett Capital led consortium will participate in the transaction by acquiring

certain properties from Primaris immediately prior to the consummation of the transactions with H&R REIT. The KingSett Capital led consortium, which consists of certain KingSett Capital managed funds, Ontario Pension Board and RioCan REIT, will acquire 18 Primaris properties pursuant to separate purchase agreements between Primaris and the consortium members.

Sequence of property acquisitions⁽¹⁾

Date of Acquisition	Property	Location
July 2003	Dufferin Mall	Toronto, ON
	Edinburgh Market Place	Guelph, ON
	Northland Village Mall	Calgary, AB
	Orchard Park Shopping Centre	Kelowna, BC
	Park Place Shopping Centre	Lethbridge, AB
	Stone Road Mall	Guelph, ON
December 2003	Aberdeen Mall	Kamloops, BC
June 2004	Cornwall Centre	Regina, SK
	Midtown Plaza Shopping Centre	Saskatoon, SK
June 2005	Tillsonburg Gateway Centre ⁽²⁾	Tillsonburg, ON
	Northland Professional Centre	Calgary, AB
	Place du Royaume	Saguenay, QC
	Grant Park (50%)	Winnipeg, MB
July 2005	Place Fleur de Lys	Quebec City, QC
October 2005	Eglinton Square Shopping Centre	Toronto, ON
December 2005	Lambton Mall	Sarnia, ON
June 2006	Alliston Mills Shopping Centre	New Tecumseth, ON
	Forest Glen Shopping Centre ⁽³⁾	Kitchener, ON
	South Cambridge Shopping Centre	Cambridge, ON
	Sugarloaf Mall	Atholville, NB
November/December 2006	Grant Park (the remaining 50%)	Winnipeg, MB
March 2007	Toronto Property	Toronto, ON
June 2007	Northland Village Shoppes	Calgary, AB
	Garden City Square	Winnipeg, MB
July 2007	Place d'Orleans	Ottawa, ON
August 2007	Westbank Shopping Centre	West Kelowna, BC
	Heritage Place Shopping Centre	Owen Sound, ON
February 2008	Toronto Property	Toronto, ON
November 2008	Toronto Property	Toronto, ON
April 2009	Toronto Property	Toronto, ON
December 2009	Sunridge Mall	Calgary, AB
	Woodgrove Centre (50%)	Nanaimo, BC
August 2010	Cataraqui Centre	Kingston, ON
June 2011	Burlington Mall	Burlington, ON
	Oakville Place	Oakville, ON
	Place Vertu	Montreal, QC
	St. Albert Centre	St. Albert, ON
	Tecumseh Mall	Windsor, ON
May 2012	Driftwood Mall	Courtenay, BC
November 2012	Regent Mall	Fredericton, NB
	McAllister Place	Saint John, NB

(1) As at December 31, 2013. In early March 2013, Primaris acquired a portfolio of nine properties in Alberta.

(2) Tillsonburg Gateway Centre was sold by Primaris September 2011

(3) Forest Glen Shopping Centre was sold by Primaris in July 2011

These acquisitions represent a total purchase price of \$3,018 million before transaction costs.

Primaris has successfully raised over \$1,651 million in public and private equity and convertible debenture offerings over the past nine years. Proceeds have been used to acquire new properties, reduce debt and fund redevelopment projects for existing properties.

Capital raised	# of Units (millions)	Gross Proceeds (\$millions)
July 2003 (IPO)	24.9	\$248.9
June 2004	9.7	110.2 ⁽¹⁾
December 2004	3.0	40.6
July 2005 ⁽²⁾	2.8	40.0
August 2005	5.8	85.4
December 2005	5.5	90.1
November/December 2006 ⁽³⁾	0.8	15.1
December 2006	5.9	110.5
August 2007	3.1	160.0 ⁽⁴⁾
October 2009	-	86.3 ⁽⁵⁾
June 2010	5.7	97.9
June 2011	12.6	335.6 ⁽⁶⁾
May, 2012	5.0	115.0
November, 2012	<u>4.9</u>	<u>115.0</u>
TOTAL	89.7	\$1,650.6

(1) Includes \$50 million from the sale of convertible debentures.

(2) Exchangeable Units issued in connection with Place Fleur de Lys acquisition.

(3) Exchangeable Units issued in connection with Grant Park acquisition.

(4) Includes \$100 million from the sale of convertible debentures.

(5) From the sale of \$86.25 million in convertible debentures.

(6) Includes \$75 million from the sale of convertible debentures.

DESCRIPTION OF THE BUSINESS

Primaris currently owns a portfolio of thirty-five income-producing properties that contain approximately 15 million SF of gross leaseable area ("GLA"). The properties are located in twenty-eight markets in seven provinces: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and New Brunswick.

As at December 31, 2012, the portfolio had a weighted average occupancy rate of 97.7% and was leased to more than 925 distinct tenants. In addition, no single tenant group represented more than 3.8% of the aggregate annualized gross rent of the portfolio and only 24 tenant groups individually represented more than 1% of such annualized gross rent.

The specific objectives of Primaris are:

1. to generate stable and growing cash distributions;
2. to enhance the value of Primaris' assets and maximize long-term Unit value; and
3. to expand the asset base of Primaris and increase its Funds From Operations through an accretive acquisition program.

Primaris continuously reviews its business operations, seeks to expand its asset base and reinvests in existing assets in order to position itself for sustainable future growth. Primaris has primarily invested in retail properties, predominantly in Canada. These properties will, for the most part, be dominant in their primary trade areas. Other retail properties that complement the portfolio of Primaris will also be considered for acquisition. Subsequent to its initial public offering in 2003, Primaris has completed thirty nine acquisitions and sold two small, non-core properties.

Retail centres that are well located in their respective markets present an attractive long-term investment opportunity given their characteristics, which include multi-year tenant relationships defined by leases, and the stable cash flow provided by such arrangements. Such retail centres typically provide growth opportunities through the lease-up of vacant space and the upward trend in rental rates through contractual escalations. Primaris believes it can implement an investment strategy of acquiring properties with these characteristics to provide additional cash flow and further enhance long-term portfolio value.

Primaris' internal growth strategy focuses on increasing rental income from its properties. Primaris actively manages the merchandising mix of each property to keep each property effectively aligned with its consumer market. Primaris leases vacant space at competitive market rates at the lowest possible transaction cost, maintains good relations with retailers and works with tenants to increase their sales. Primaris uses leasing activity to periodically adjust the merchandising mix of the properties. Rental income can also be improved through judicious investments in renovations and expansions. The properties are well-located, resulting in high tenant retention and a steady demand for space from prospective tenants. Rental income from properties with currently vacant space may be increased through active strategies for the leasing of such space.

Primaris' external growth strategy is driven by acquisitions of primarily mid-market retail centres in major cities and dominant shopping malls in secondary cities. Primaris employees are experienced in identifying opportunities that arise when owners choose to divest properties for strategic or other reasons.

DESCRIPTION OF THE PROPERTIES

This section of the AIF describes Primaris properties with information about the property location, tenants leasing more than 50,000 square feet, construction and renovation dates, gross leasable area, occupancy rates (on a committed basis and including temporary tenants) and commercial retail unit (CRU) sales per square foot (enclosed centres only).

The following table highlights information regarding the properties:

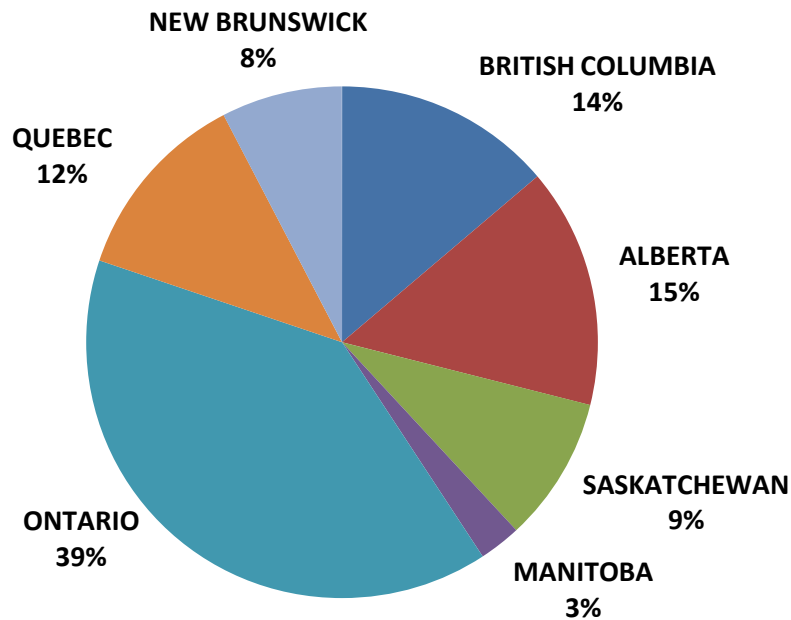
Enclosed Centres ⁽¹¹⁾	Tenant / Retailer (>50,000 SF)	As at Dec 31, 2012		Approx. GLA	Occu-pancy Rate ⁽¹⁾	CRU Sales \$ PSF ⁽²⁾
		Date Completed / Last Renovation				
Aberdeen Mall Kamloops, BC	Sears, the Bay	Completed 1981, Renovated 1998		460,000	99.6%	408
Burlington Mall Burlington, ON	the Bay*, Zellers ⁽³⁾ ,	Completed 1968 Renovated 2001,2004,2006		636,000	98.8%	383
Cataraqui Centre Kingston, ON	Sears, Zellers ⁽³⁾ , the Bay	Completed 1982, Renovated 1999, 2000, 2005/2006,2011		596,000	98.9%	483
Cornwall Centre Regina, SK	Sears, the Bay, Startek ⁽⁴⁾	Completed 1981		564,000	99.5%	594
Dufferin Mall Toronto, ON	Walmart, No Frills	Completed over several phases 1956-1976. Renovated 1986,1999, 2006-2007		563,000	93.9%	534
Driftwood Mall Courtenay, BC	Zellers ⁽³⁾	Completed 1976 Renovated 2001-2004		232,000	98.2%	317
Eglinton Square Toronto, ON	the Bay, Metro*	Completed over several phases 1953-1983		275,000	99.3%	335
Grant Park Winnipeg, MB	Zellers ⁽³⁾ , Safeway	Completed 1962, Renovated 1968,1989,1996,2011		385,000	93.8%	507
Heritage Place Shopping Centre Owen Sound, ON	Sears, Zellers	Completed 1987, Expanded 1989,2000		313,000	98.1%	311
Lambton Mall Sarnia, ON	Sears, Canadian Tire	Completed 1970, Renovated 2001,2011		590,000	97.4%	350
McAllister Place Fredericton, NB	Sears, Zellers ⁽³⁾	Completed 1978, Renovated/ expanded 1989, 1996, 2009, 2011		478,000	98.5%	429
Midtown Plaza Shopping Centre Saskatoon, SK	Sears, the Bay	Completed 1970, Renovated 1990,2007		734,000	99.7%	650
Northland Village Mall Calgary, AB ⁽⁵⁾	Walmart	Completed 1971, Renovated 1988, 1999, 2001, Expanded 2005		503,000	98.3%	458
Oakville Place Oakville, ON	the Bay, Sears	Completed 1981, Renovated 2004,2008		457,000	99.0%	490
Orchard Park Shopping Centre Kelowna, BC	the Bay, Sears	Completed 1971, Renovated 2000, Reconfigured 2006-2007		712,000	99.8%	506
Park Place Shopping Centre Lethbridge, AB	Sears	Completed 1988, Expanded 1996 Renovated 2001		471,000	98.7%	496
Place d'Orleans Orleans, ON	Zellers ⁽³⁾ , the Bay, SportChek, Federal Government	Completed 1979, Expanded 1983,1990,1999, Renovated 1990		759,000	96.0%	410

Place du Royaume Saguenay, QC	Walmart, Canadian Tire*	Completed 1973, Renovated 2000,2001, Reconfigured 2007-2008	591,000	96.9%	411
Place Fleur de Lys Québec City, QC	Zellers ⁽³⁾ , the Bay, Maxi, Sears*	Completed over several phases 1963-1993	672,000	95.9%	316
Place Vertu Montreal, QC	Sears*, Canadian Tire, Zellers ⁽³⁾	Completed 1975, Renovated 1984/1987,1990, 2007-2010	741,000	92.6%	333
Regent Mall St. John, NB	Walmart, Sears	Completed 1976, Renovated/ expanded 1990, 1995, 1996, 1998, 2001, 2010	488,000	99.8%	464
St. Albert Centre St. Albert, AB	Zellers ⁽³⁾ , the Bay	Completed 1980, Renovated 1995	316,000	100.0%	425
Stone Road Mall Guelph, ON	Sears	Completed 1975, Expanded 2005, Renovated 1989,2006-2007	510,000	99.3%	551
Sunridge Mall Calgary, AB	the Bay, Zellers ⁽³⁾	Completed 1981, Expanded 2005	816,000	99.0%	510
Tecumseh Centre Windsor, ON	Zellers	Completed 1973, Renovated 1986, 2001,2010	385,000	98.1%	274
Woodgrove Centre Nanaimo, BC	the Bay, Walmart	Completed 1981, Renovated 1994,2000,2003,2005	748,000 ⁽⁶⁾	99.6%	469
Other Properties					
Alliston Mills New Tecumseth, ON	Zellers, Canadian Tire*, Zehrs*	Completed 1992	191,000	95.5%	N/A
Edinburgh Market Place Guelph, ON	Metro	Completed 1996 Expanded 2006,2008	113,000	97.6%	N/A
Garden City Winnipeg, MB	Home Depot*	Completed over several phases 1976-2004	161,000	91.8%	N/A
Northland Professional Centre Calgary, AB	N/A	Completed 1978	52,000	100.0%	N/A
Northland Shoppes Calgary, AB ⁽⁵⁾	N/A	Completed 1974,1999	14,000	100.0%	N/A
South Cambridge Shopping Centre Cambridge, Ontario	Zehrs	Completed 1989	190,000	100.0%	N/A
Sugarloaf Mall Atholville, NB	Zellers, Canadian Tire*	Completed 1973	194,000	93.6%	N/A
Toronto properties Toronto, ON	N/A	Completed 1930s, Renovated several phases	74,000	100.0% ⁽⁷⁾	N/A
Westbank Shopping Centre West Kelowna, BC	Zellers*	Completed over several phases 1995-2004	74,000	84.4%	N/A
TOTAL FOR ENCLOSED CENTRES & OTHER PROPERTIES			14,684,000 (8)	97.7% (9)	\$454 (10)

* Shadow Anchor

- (1) Occupied and committed space including temporary tenants as of December 31, 2012
- (2) CRU All store sales per square foot as at December 31, 2012
- (3) Target Corporation has acquired the lease for this Zellers location and has announced that it will convert the existing store to a Target store in 2013.
- (4) Startek – Vacant but paying rent
- (5) Northland Village Mall and Northland Shoppes have been combined in the property description section. Total GLA is 517,000 SF.
- (6) Woodgrove Centre GLA at 100%: Note that Primaris owns 50% of Woodgrove Centre.
- (7) Weighted average for multiple properties.
- (8) Excludes 50% (374,000 SF) of Woodgrove Centre not owned by Primaris.
- (9) Occupancy Total reflects a weighted average for all properties.
- (10) CRU Sales Total reflects a weighted average for enclosed centres only.
- (11) Subsequent to December 31, 2012, Primaris acquired a portfolio of shopping centres in Alberta which includes two enclosed regional shopping centres and an adjacent professional building, five unenclosed strip plazas, one single tenant retail building, and 4.47 acres of development land, with a total GLA of 1,196,000 SF.

Geographic Diversification

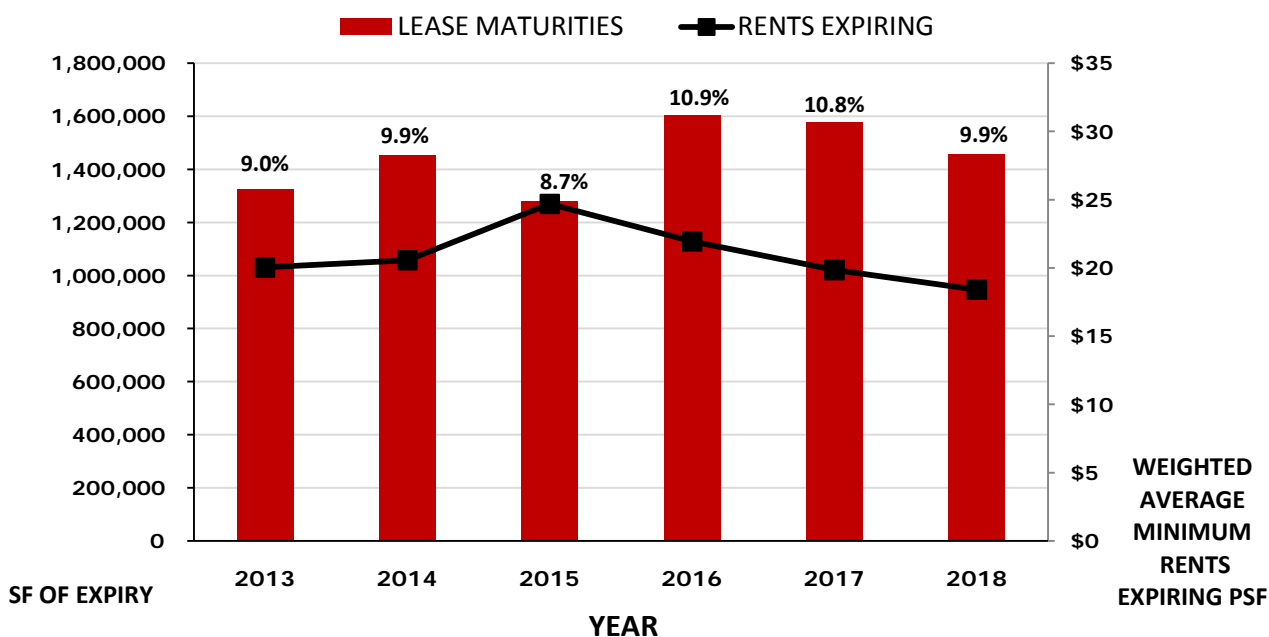


Geographic diversification of the portfolio based on Annualized Minimum Rent as at December 31, 2012.

Lease Expiries

Lease maturities represent no greater than 10.9% of the portfolio GLA in any one year between 2013 and 2018.

TOTAL PORTFOLIO LEASE MATURITIES AND WEIGHTED AVERAGE MINIMUM RENTS PSF EXPIRING (as at December 31, 2012)



Largest Tenants

The following table illustrates the 10 largest tenant groups in Primaris' portfolio of income-producing properties as measured by their percentage contribution to total annual gross rent, as at December 31, 2012.

Tenant Group	Percentage of Total Annual Gross Rent	Area (SF)	Weighted Average Lease Term to Maturity (years)
1 HBC	3.8%	1,993,118	5.1
2 Canadian Tire ⁽¹⁾	3.7%	940,452	4.8
3 Reitmans	2.6%	207,611	4.1
4 Sears	2.6%	1,424,926	6.3
5 Target	2.5%	1,140,381	8.0
6 YM ⁽²⁾	2.3%	242,023	2.8

	Tenant Group	Percentage of Total Annual Gross Rent	Area (SF)	Weighted Average Lease Term to Maturity (years)
7	Shoppers Drug Mart	2.0%	182,673	5.3
8	Bell Canada ⁽³⁾	1.8%	103,185	4.3
9	Comark	1.7%	122,525	4.0
10	Best Buy	1.5%	222,976	4.3
	Total	24.5%	6,579,869	

(1) Includes SportChek, Mark's, Bata, Athlete's World

(2) Includes Bluenotes, Siblings, Sirens, Stitches, Suzy Shier, Urban Planet, LA Express

(3) Includes Virgin Mobile, Bell Tele-Boutique, Bell Mobility, Bell World, Espace Bell, Simply Mobile, Solo, La Source, The Source, The Source (Bell) Electronics

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

Primaris is an unincorporated open-ended trust created pursuant to a Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although Primaris qualifies as a "mutual fund trust" as defined in the Tax Act, Primaris is not a "mutual fund" as defined by applicable securities legislation. Primaris has been established for an indefinite term. The following section and the description of the Board under "Management of Primaris" are summaries which do not purport to be complete with respect to the material attributes of the Units and certain provisions of the Declaration of Trust. Reference should be made to the Declaration of Trust for the full text of its provisions and a complete description of the Units.

Units and Special Voting Units

Primaris is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units.

Each Unit represents a Unitholder's proportionate undivided beneficial interest in Primaris. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of Primaris.

Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in any distributions by Primaris, whether of net income, net realized capital gains or other amounts and, in the event of termination of Primaris, in the net assets of Primaris remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued (unless issued on an instalment receipt basis) and are transferable. Except as set out below under "Redemption Right", the Units have no conversion, retraction, redemption or pre-emptive rights. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without Unitholder approval. Fractional Units, if any, will be issued on any consolidation but fractional Units will not entitle the holders thereof to vote. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of such Act or any other legislation. Furthermore, Primaris is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Special Voting Units may be issued in series and shall only be issued in connection with or in relation to a unit, share or other security convertible into or exchangeable for Unit(s) ("Exchangeable Units") without the payment of additional consideration therefore, whether or not issued by Primaris. Each Special Voting Unit confers only the right to a number of votes at any meeting of Unitholders equal to the number of Units into

which the Exchangeable Units to which such Special Voting Unit relates are exchangeable, exercisable or convertible. No holder of Special Voting Units has or is deemed to have any right of ownership of any asset of Primaris.

Neither the Units nor the Special Voting Units are shares in Primaris. As holders of Units or Special Voting Units in Primaris (together, the "Voting Unitholders"), the Voting Unitholders do not have statutory rights like a shareholder in a Business Corporations Act (Ontario) corporation or Canada Business Corporations Act corporation which are normally associated with the ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

As of December 31, 2012, 100,346,768 Units were outstanding. This number includes 2,122,261 Exchangeable Units of which 1,750,756 have Special Voting Units issued in conjunction with them and 371,505 do not.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders must be called and held in various circumstances, including for the election or removal of Trustees, the appointment or removal of the auditors of Primaris, the approval of amendments to the Declaration of Trust (except as described below under "Amendments to Declaration of Trust"), the sale or transfer of the assets of Primaris as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Primaris as approved by the Trustees) and the termination of Primaris. Meetings of Voting Unitholders will be called and held annually for the election of the Trustees and the appointment of the auditors of Primaris. All meetings of Voting Unitholders shall be held in Canada. Certain amendments to the Declaration of Trust require the approval of two-thirds of the votes cast by Voting Unitholders. See "Amendments to the Declaration of Trust" below.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by Voting Unitholders holding not less than 10% of the Votes attached to the Voting Units then outstanding by a written requisition. A requisition must state, in reasonable detail, the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the Business Corporations Act (Ontario).

Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least five percent of the votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Voting Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Voting Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

Purchases of Units

Primaris may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof. Refer to "Normal Course Issuer Bid" for details on the purchases by Primaris.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to Primaris of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to Primaris and to CDS. Upon receipt of the redemption notice by Primaris, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit ("Redemption Price") equal to the lesser of: (i) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the 10 trading day period commencing immediately following the date on which the Units were surrendered for redemption (the "Redemption Date"); and (ii) 100% of the "closing market price" on the principal market on which the Units are listed for trading on the Redemption Date.

For the purposes of this calculation, “market price” will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; and provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, the “market price” will be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading. The “closing market price” will be an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Units on the applicable market or exchange if there was trading on the specified date and the exchange or other market provides only the highest and lowest prices of Units traded on a particular day; or the average of the last bid and last asking prices of the Units if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which shall be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by Primaris in respect of any Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by Primaris in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

Cash payable on redemptions will be paid pro rata to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie of assets held by Primaris. In such circumstances, Series 1 Trust Notes and PRR Trust Units of a value equal to the balance of the Redemption Price will be redeemed by PRR Trust in consideration of the issuance to Primaris of Series 2 Trust Notes and Series 3 Trust Notes, respectively, with an aggregate principal amount equal to the balance of the Redemption Price. The Series 2 Trust Notes and Series 3 Trust Notes will then be distributed in satisfaction of the balance of the Redemption Price. No Series 2 Trust Notes or Series 3 Trust Notes in integral multiples of less than \$100 will be distributed and, where notes to be received by a Unitholder includes a multiple less than \$100, that number shall be rounded to the next lowest integral multiple of \$100. Primaris shall be entitled to all interest paid on the PRR Trust Notes, if any, and distributions paid on the PRR Trust Units on or before the date of the distribution in specie. Where Primaris makes a distribution in specie on the redemption of Units of a Unitholder, Primaris currently intends to allocate to that Unitholder any capital gain or income realized by Primaris on or in connection with such distribution.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Series 2 Trust Notes and Series 3 Trust Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in securities of PRR Trust and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Series 2 Trust Notes and Series 3 Trust Notes so distributed may not be qualified investments for Plans, depending upon the circumstances at the time.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the Securities Act (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder’s Units determined in accordance with the procedures set out in the Declaration of Trust.

Issuance of Units and Exchangeable Units

Primaris may issue new Units from time to time. Unitholders do not have any pre-emptive rights whereby additional Voting Units proposed to be issued are first offered to existing Voting Unitholders. If the Trustees determine that Primaris does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. In addition, Units may be issued pursuant to the Distribution Reinvestment Plan, and any option plan or long-term incentive plan established by Primaris from time to time. New Units may be issued for cash through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of the Units, which rights may be exercised or sold to other investors), through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders) or as a result of conversion rights exercised under convertible securities, including exchangeable securities, convertible debentures, warrants and subscription receipts.

The price or the value of the consideration for which Units may be issued will be determined by the Trustees, and, where the Trustees so determine, generally in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units and subject to applicable regulatory approvals.

The Declaration of Trust also provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation.

Limitation on Non-Resident Ownership

In order for Primaris to maintain its status as a "mutual fund trust" under the Tax Act, Primaris must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the Trustees shall inform the transfer agent and registrar of this restriction. The Trustees or management may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees or management becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the Trustees or management may make a public announcement thereof and shall not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the Trustees or management determines that more than 49% of the Units are held by non-residents, the Trustees or management may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees or management with satisfactory evidence that they are not non-residents within such period, the Trustees or management may, on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the Trustees which is unpaid and owing to such Unitholders. The Trustees shall have no liability for the amount received provided that they act in good faith.

Information and Reports

Primaris furnishes to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each Annual General Meeting of Unitholders, the Trustees provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the Business Corporations Act (Ontario).

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of the Unitholders called for such purpose.

Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of the Unitholders called for such purpose.

The following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

- (a) an exchange, reclassification or cancellation of all or part of the Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units;
- (c) the constraint of the issue, transfer or ownership of the Units or the change or removal of such constraint;
- (d) the sale or transfer of the assets of Primaris as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Primaris as approved by the Trustees);
- (e) the termination of Primaris; and
- (f) except as described herein, the amendment of Investment Guidelines and Operating Policies of Primaris.

The Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Trustees or Primaris, (ii) the status of Primaris as a "mutual fund trust" or "registered investment" under the Tax Act or (iii) the distribution of Units;
- (b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments in the opinion of the Trustees are necessary or desirable and not prejudicial to the Unitholders;
- (e) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws or accounting standards;
- (f) necessary or desirable to enable Primaris to issue Units for which the purchase price is payable in instalments;
- (g) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to Primaris' property or income other than a return of capital; and
- (h) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Unitholders and is necessary or desirable.

CONVERTIBLE DEBENTURES

Convertible Debentures – Series 1

In June 2004, Primaris issued \$50 million principal amount of convertible unsecured subordinated debentures maturing on June 30, 2014 with a 6.75% per annum coupon, payable semi-annually on June 30 and December 31. The debentures are convertible, at the option of the holder, into Units at \$12.25 per Unit. These debentures are listed on the Toronto Stock Exchange ("TSX") under PMZ.DB.

The debentures may be redeemed prior to the Maturity Date by Primaris at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 40 days' prior written notice.

Convertible Debentures – Series 2

In August 2007, Primaris issued \$100 million principal amount of convertible unsecured subordinated debentures maturing on August 1, 2014 with a 5.85% coupon per annum, payable semi-annually on August 1 and February 1, commencing February 1, 2008. The debentures are convertible, at the option of the holder, into Units at \$22.55 per Unit. These debentures were listed on the TSX under PMZ.DB.A.

The Debentures were redeemed by Primaris on August 17, 2012 at a price equal to the principal amount thereof plus accrued and unpaid interest.

Convertible Debentures – Series 3

In October of 2009, Primaris issued \$86.25 million principal amount of convertible unsecured subordinated debentures maturing on September 30, 2015 with a 6.30% coupon per annum, payable semi-annually on March 31 and September 30, commencing March 31, 2010. The debentures are convertible, at the option of the holder, into Units at \$16.70 per Unit. These debentures are listed on the TSX under PMZ.DB.B. The debentures may not be redeemed by Primaris on or prior to October 1, 2012. Thereafter, but prior to October 1, 2014, the Debentures may be redeemed by Primaris, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted-average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after October 1, 2014, and prior to the Maturity Date, the Debentures may be redeemed by Primaris, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice.

Convertible Debentures – Series 4

In June of 2011, Primaris issued \$75 million principal amount of convertible unsecured subordinated debentures maturing on November 30, 2018 ("Maturity Date") with a 5.40% coupon per annum, payable semi-annually on May 31 and November 30, commencing November 30, 2011. The debentures are convertible, at the option of the holder, into Units at \$28.84 per Unit. These debentures are listed on the TSX under PMZ.DB.C.

The debentures may not be redeemed by Primaris on or prior to November 30, 2014. Thereafter, but prior to November 30, 2016, the Debentures may be redeemed by Primaris, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice, provided that the volume weighted-average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after December 1, 2016, and prior to the Maturity Date, the Debentures may be redeemed by Primaris, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days' and not less than 30 days' prior written notice.

Convertible Debentures (\$millions) As at December 31, 2012	Series 1 PMZ.DB	Series 2 PMZ.DB.A	Series 3 PMZ.DB.B	Series 4 PMZ.DB.C
Issuance	\$50.0	\$100.0	\$86.3	\$75.0
2012 Conversions	0.9	84.0	52.6	0.0
2012 Redemption	0.0	9.5	0.0	0.0
2011 Conversions	1.0	0.0	13.0	0.0
2010 Conversions	1.9	0.0	4.4	n/a
2009 Conversions	0.4	0.0	0.0	n/a
2009 Repurchases	0.0	6.5	0.0	n/a
2008 Conversions	0.7	0.0	n/a	n/a
2007 Conversions	2.4	0.0	n/a	n/a
2006 Conversions	12.2	n/a	n/a	n/a
2005 Conversions	28.3	n/a	n/a	n/a
2004 Conversions	0.3	n/a	n/a	n/a
Balance Outstanding	\$1.9	\$0	\$16.3	\$75.0

RATINGS OF THE UNITS AND DEBT

On November 15, 2012, DBRS upgraded the Issuer Rating to BBB (low) from BB (high) with a Stable trend. This action follows from DBRS's July 11, 2012, trend change (to Positive from Stable) on Primaris' Issuer Rating. Primaris' credit risk profile has benefited from growth in the Trust's portfolio of enclosed retail malls. The rating action also recognizes Primaris' enhanced asset quality, portfolio diversification and improved credit metrics. Virtually all long-term credit ratings use the DBRS long-term scale with symbols ranging from AAA (highest credit quality) to C (very highly speculative). A rating of BBB(low) by DBRS is the fourth highest of ten categories and denotes adequate credit quality, capacity for the payment of financial obligations is considered acceptable and the issuer may be vulnerable to future events. The assignment of a "high" or "low" modifier within each rating category indicates relative standing within such category.

The ratings accorded to the Units and debentures is not a recommendation to purchase, hold or sell the Units, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. There is no assurance that the DBRS ratings will remain in effect for any given period of time or that these ratings will not be revised or withdrawn entirely by DBRS in the future if in its judgment circumstances so warrant. The ratings of the Units and debentures may not reflect the potential impact of all risks related to structure and other factors on the value of the Units and debentures. In addition, a real or anticipated change in the rating assigned to the Units and debentures may affect their market values.

INDEBTEDNESS AND OTHER OBLIGATIONS

At December 31, 2012, Primaris had \$1.59 billion of mortgages payable, excluding a debt premium of \$292 thousand, bearing a weighted average interest rate of 5.1%. This rate reflects the marking-to-market of interest rates at the point of acquisition for all debts assumed in conjunction with property acquisitions. The mortgages payable have a weighted average term to maturity of 6 years.

Year	Mortgages (millions)	Convertible Unsecured Debentures (millions)	Ground Leases (millions)	Operating Leases (millions)	Total (millions)
2013	\$153.0		\$1.4	\$1.8	\$156.2
2014	136.4	\$1.9	1.4	1.8	141.5
2015	133.0	16.3	1.4	1.8	152.5
2016	163.5		1.4	1.8	166.7
2017	158.8		1.5	1.8	162.1
Thereafter	844.2	75.0	32.7	3.4	955.3
Total	\$1,588.9	\$93.2	\$39.8	\$12.4	\$1,734.3

Note: Mortgages represent Primaris' consolidated property level mortgages. Of the total mortgages balance, \$106,059 is recourse only to the underlying property.

UNITHOLDER RIGHTS PLAN

Primaris adopted a Unitholder rights plan ("Rights Plan") on March 3, 2005. The adoption was affirmed by a resolution of the Unitholders at the Annual General and Special Meeting on May 4, 2005, again on June 18, 2008, and most recently on May 17, 2011. The Rights Plan will expire on May 17, 2014, subject to affirmation every three years. A copy of the Rights Plan agreement is available at www.sedar.com. On January 24, 2013, Primaris waived the application of its Unitholder Rights Plan in connection with the bid made by KingSett which bid was subsequently withdrawn upon the announcement of the amended transaction with H&R REIT and KingSett.

RISK AND UNCERTAINTIES

Amended Transaction

Risks and uncertainties related to the amended transactions with H&R REIT and KingSett are contained in the management information circular dated February 19, 2013 for a special meeting of unitholders to be held March 22, 2013.

Real Property Ownership

Primaris owns 35 Canadian retail properties and is expected in the future to directly or indirectly acquire interests in other real property. All real property investments are subject to elements of risk. Such

investments are affected by general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors.

Certain significant expenditures, including fixed expenditures, property taxes, maintenance costs, ground rent, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If Primaris is unable to meet mortgage payments or ground rent payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies.

Tenant Risks

The value of real property and any improvements thereto depends on the credit and financial stability of the tenants. Primaris' Funds from Operations (FFO) may be adversely affected if tenants become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which Primaris has an interest becomes vacant and is not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Primaris than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Primaris' investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which Primaris has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to Primaris. The ability to rent unleased space in the properties in which Primaris has an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to the property required by a new tenant.

Certain of the major tenants are permitted to cease operating from their leased premises at any time at their option. Other major tenants are permitted to cease operating from their leased premises or to terminate their leases if certain events occur. Some CRU tenants have a right to cease operating from their premises if certain major tenants cease operating from their premises. The exercise of such rights by a tenant may have a negative effect on a property. There can be no assurance that such rights will not be exercised in the future.

Reliance on Anchor Tenants

Retail shopping centres have traditionally relied on there being a number of anchor tenants (department stores, discount department stores and grocery stores) in the centre, and therefore they are subject to the risk of such anchor tenants either moving out of the property or going out of business. A property could be negatively affected by such a loss.

Interest Rate Fluctuations

From time to time, Primaris' financing includes indebtedness with interest payments based on variable lending rates that will result in fluctuations in Primaris' cost of borrowing. Changes in interest rates may also affect Primaris in many other ways, due to factors including the impact on the economy, the value of real estate, the value of Primaris' units, the economics of acquisition activity and the availability of capital.

Retail Concentration

Primaris' portfolio is limited to Canadian retail properties. Consequently, the market value of the properties and the income generated from them could be negatively affected by changes in the domestic retail environment.

Competition

The real estate business is competitive. Numerous other developers, managers and owners of retail properties compete with Primaris in seeking tenants. Some of the properties of Primaris' competitors are newer or better located or less levered than the properties in which Primaris has an interest. Some of Primaris' competitors are stronger financially and hence better able to withstand an economic downturn. The existence of competing developers, managers and owners and competition for Primaris' tenants could have an adverse effect on Primaris' ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect Primaris' revenues and its ability to meet its debt obligations.

Competition for acquisitions of real properties is intense, and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that Primaris is prepared to accept. An increase in the availability of investment funds and an increased interest in real

property investments may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Financing Risks

Primaris has indebtedness outstanding of approximately \$1,727,484 as at December 31, 2012. A portion of the cash flow generated by the existing properties and any future acquired properties will be devoted to servicing such debt, and there can be no assurance that Primaris will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If Primaris is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. Primaris is subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by Primaris' properties will not be able to be re-financed or that the terms of such re-financing will not be as favourable as the terms of existing indebtedness.

Primaris has stated that one of its objectives is to grow through acquisitions. While Primaris has financial resources on hand to complete some acquisitions, the longer term ability of Primaris to fund acquisitions is dependent on both equity and debt capital markets. There are risks that, from time to time, such capital may not be available or may not be available on favourable terms.

Valuations

Valuations reflect an assessment of value based on the facts and circumstances as of the date the valuations were made. Such valuations may not have incorporated all relevant facts or may have relied on incorrect assumptions which may have been too optimistic or not sufficiently optimistic. Furthermore, valuations conducted at one point in time may not be reflective of value at another point in time, nor may the valuation be reflective of the value that could be obtained on a sale or other transaction.

Asset Liquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. Such illiquidity may tend to limit Primaris' ability to vary its portfolio promptly in response to changing economic or investment conditions. If Primaris were to be required to liquidate its real property investments, the proceeds to Primaris might be significantly less than the aggregate carrying value of its properties.

Capital Expenditures

Leasing capital and maintenance capital are incurred in irregular amounts and may exceed actual cash available from operations during certain periods. Primaris may be required to use part of its debt capacity or reduce distributions in order to accommodate such items. Capital for recoverable improvements may exceed recovery of amounts from tenants.

Distributions

Primaris is subject to provisions in its Declaration of Trust as well as to debt agreements that may impact the quantum of distributions. The sale of investment properties with inherent taxable gains could materially change Primaris' level of distributions.

Land Leases

To the extent that the properties in which Primaris has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets that may fluctuate. This may result in significant rental rate adjustments and therefore have a potential negative effect on the cash flow of Primaris.

Environmental Matters

As an owner of interests in real property in Canada, Primaris is subject to various Canadian federal, provincial and municipal laws relating to environmental matters. Such laws provide that Primaris could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect Primaris' ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the owner by private plaintiffs.

Primaris will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, Primaris does not believe that costs relating to environmental matters will have a material adverse effect on Primaris' business, financial condition or results of operation. However, environmental laws and regulations can change and Primaris or

its subsidiaries may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on Primaris' business, financial condition or results of operations and distributions.

Reliance on Key Personnel

The management of Primaris depends on the services of certain key personnel. The loss of the services of any key personnel could have an adverse effect on Primaris subject to Primaris appropriately developing and planning for succession.

Tax-Related Risks

The specified investment flow-through rules ("SIFT Rules"), federal income tax legislation that result in a tax on certain flow-through entities, are not applicable to funds that qualify for an exemption available to certain Real Estate Investment Trusts (the "REIT Exemption"). The stated intention of the Minister of Finance (Canada) in introducing the REIT Exemption is to exempt certain Real Estate Investment Trusts from taxation as SIFTs in recognition of "the unique history and role of collective real estate investment vehicles". If Primaris fails to qualify for the REIT Exemption, Primaris will be subject to certain tax consequences including taxation of Primaris in a manner similar to corporations.

Management of Primaris intends to conduct the affairs of Primaris so that it continues to qualify for the REIT Exemption at all times; however, as the requirements of the REIT Exemption include complex revenue and asset tests, no assurances can be provided that Primaris will in fact so qualify at any time.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made by Primaris. The assets of Primaris may be invested only with the approval of the Trustees and only in accordance with the following guidelines:

- (a) Primaris may only invest, directly or indirectly, in:
 - (i) interests (including fee ownership and leasehold interest) in income-producing real property located primarily in Canada;
 - (ii) corporations, trusts, partnerships or other persons which solely have interests (including the ownership of leasehold interests) in income-producing real property located primarily in Canada (or activities relating or ancillary thereto); and
 - (iii) such other activities as are consistent with the other investment guidelines of Primaris.
- (b) notwithstanding anything in paragraphs (a) to (k) hereof, and in the paragraphs under the heading "Investment Guidelines and Operating Policies — Operating Policies" Primaris shall not make any investment, take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act, that would result in Units being disqualified for investment by Plans, that would result in Primaris being liable under the Tax Act to pay a tax as a result of holdings by Primaris of "foreign property"¹ as defined in the Tax Act, that would result in Units being foreign property for the purpose of the Tax Act for any such Plan (other than registered education savings plans) or other persons subject to tax under Part XI of the Tax Act or that would result in Primaris paying a tax under the registered investment provisions of the Tax Act for exceeding certain investment limits;
- (c) Primaris will not invest in any interest in a single real property if, after giving effect to the proposed investment, the cost of investment to Primaris (net of the amount of debt incurred or assumed in connection with such investment) will exceed 20% of Total Assets at the time the investment is made;
- (d) Primaris may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by Primaris; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer

¹ The federal government repealed the Foreign Property Limit in the 2005 budget.

and the acquisition and sale of Primaris' and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to Primaris, such as buy-sell mechanisms, limit the liability of Primaris to third parties, and provide for the participation of Primaris in the management of the joint venture arrangement. For purposes of this provision, a joint venture arrangement is an arrangement between Primaris and one or more other persons ("joint ventures") pursuant to which Primaris, directly or indirectly, conducts an undertaking for one or more of the purposes set out above and in respect of which Primaris may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity (a "joint venture entity"), including without limitation a general partnership, limited partnership or limited liability company;

- (e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of Canada or of a province of Canada, short-term government debt securities, or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue or except as permitted pursuant to paragraphs (a), (d), (g), (i) and (j) of these guidelines, and pursuant to subparagraph (a) under the heading "Investment Guidelines and Operating Policies — Operating Policies", Primaris may not hold securities other than securities of any issuer referred to in paragraph (a), (ii) securities of a joint venture entity or (iii) securities of an entity wholly-owned by Primaris formed and operated solely for the purpose of holding a particular real property or real properties and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary (except paragraph (b) of these guidelines), Primaris may acquire securities of other real estate investment trusts;
- (f) Primaris shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (g) Primaris will not invest, directly or indirectly:
 - (i) in operating businesses unless such investment is an indirect investment and is incidental to a transaction:
 - A. where revenue will be derived, directly or indirectly, principally from real property; or
 - B. which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of retail real property (in each case as determined by the Trustees); or
 - (ii) in predominantly special purpose properties, such as hotels, nursing homes or resort properties;
- (h) Primaris may invest in raw land for development and ownership or for other development projects for the purpose of (i) renovating or expanding properties or facilities on adjacent properties, or (ii) developing new properties which will, upon completion, be income producing provided that the aggregate value of the investments of Primaris in raw land, after giving effect to the proposed investment, will not exceed 5% of the Total Asset Value;
- (i) Primaris may invest in mortgages and mortgage bonds (including a participating or convertible mortgage) and similar instruments where:
 - (i) the mortgage or mortgage bond is issued by a Subsidiary; or
 - A. the real property which is security therefore is income-producing real property which otherwise meets the other investment guidelines of Primaris;
 - B. the amount of the mortgage loan is not in excess of 75% of the market value of the property securing the mortgage and the mortgage has at least 1.2X debt service coverage;
 - C. the mortgage is a first ranking mortgage registered on title to the real property which is security therefore; and
 - D. the aggregate book value of the investments of Primaris in mortgages, after giving effect to the proposed investment, will not exceed 10% of Total Assets;
- (j) notwithstanding any of the provisions hereof (except paragraph (b) of these guidelines), Primaris may invest in any mortgage providing, directly or indirectly, financing in connection with a transaction in which Primaris is the vendor or with the intention of using such mortgage as part of a method for subsequently acquiring an interest in or control of a property or a portfolio of properties; provided that the aggregate value of the investments of Primaris in mortgages, after giving effect to the proposed investment, will not exceed 10% of Total Assets and that such property or portfolio of properties are properties which Primaris would otherwise be eligible to invest its assets under this Declaration of Trust; and

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- (k) Primaris may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by Primaris) up to 8% of Total Assets of Primaris in investments which do not comply with one or more of paragraphs (a), (d), (e), (i) and (j) under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" or paragraphs (c) and (e) under the heading "Investment Guidelines and Operating Policies — Operating Policies".

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by Primaris will be deemed to be those of Primaris on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Operating Policies

The Declaration of Trust provides that the operations and affairs of Primaris shall be conducted in accordance with the following policies:

- (a) Primaris shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;
- (b) (i) any written instrument creating an obligation which is or includes the granting by Primaris of a mortgage, and (ii) to the extent management determines to be practicable, any written instrument which is, in the judgment of management, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of Primaris, but that only property of Primaris or a specific portion thereof shall be bound; Primaris, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by Primaris upon the acquisition of real property;
- (c) Primaris will not lease or sublease to any person any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 10% of Total Assets;
- (d) the limitation contained in paragraph (c) will not apply to the renewal of a lease or sublease and will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by: (i) the Government of Canada, the Government of the United States, any province or territory of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency or crown corporation thereof; (ii) any corporation, of which any of the bonds, debentures or other evidences of indebtedness of, or guaranteed by an issuer, or any of the other securities of an issuer which have received and continue to hold, an investment grade rating from a recognized credit rating agency, in each case at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements (as determined by the Trustees in their discretion) were entered into; or (iii) a Canadian chartered bank or a trust company or insurance company registered or licensed federally or under the laws of a province of Canada;
- (e) in addition to the provisions of paragraph (h) under the heading "Investment Guidelines", Primaris may engage in construction or development of real property in order to maintain its real properties in good repair or to enhance the income-producing potential of properties in which Primaris has an interest;
- (f) title to each real property shall be held by and registered in the name of Primaris, the Trustees or in the name of a corporation or other entity owned, directly or indirectly, by Primaris or jointly-owned, directly or indirectly, by Primaris, with joint venturers or a corporation which is a nominee of Primaris which holds registered title to such real property pursuant to a nominee agreement with Primaris;
- (g) Primaris will not incur any new indebtedness (otherwise than by the assumption of existing indebtedness) or renew or refinance any indebtedness under a mortgage on any of the real property of Primaris where (i) in the case of an individual property, the amount borrowed exceeds 75% of the market value of such individual property or (ii) in the case of more than one property or a pool or portfolio of properties, the amount borrowed exceeds 75% of the market value of such properties on an aggregate basis;

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- (h) Primaris will not incur or assume any indebtedness if, after giving effect to the incurring of the indebtedness, the total indebtedness of Primaris would be more than 65% of the Total Assets. For the purposes of this paragraph, the term "indebtedness" means any obligation of Primaris for borrowed money (excluding any premium in respect of indebtedness assumed by Primaris for which Primaris has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Total Assets with respect to such interest rate subsidy), provided that (A) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of Primaris in accordance with GAAP, (B) indebtedness excludes trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business; and (C) convertible debentures will not constitute indebtedness provided Primaris has the option to satisfy principal through the issuance of Units;
- (i) at no time will Primaris incur indebtedness aggregating more than 15% of Total Assets (excluding trade account payables, accrued liabilities arising in the ordinary course of business, debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which Primaris has entered into interest rate swap agreements to fix the interest rate for a one year period or more and distributions payable to Unitholders) at floating interest rates or having maturities of less than one year;
- (j) Primaris will not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness or liabilities assumed or incurred by an entity in which Primaris holds an interest, directly or indirectly, or by an entity jointly-owned by Primaris with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, if granted by Primaris directly, would not cause Primaris to otherwise contravene the guidelines set out under the heading "Investment Guidelines". Primaris is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by Primaris pursuant to the acquisition of real property or (ii) if doing so is necessary or desirable in order to further the initiatives of Primaris permitted under the Declaration of Trust;
- (k) no acquisition may be made nor any development undertaken unless and until the officers of Primaris have prepared and presented to the Investment Committee or the Trustees a written report containing their recommendation that Primaris make the investment together with a financial analysis of the estimated cost and projected return from the investment and such supplementary information and data (including, without limitation, underlying assumptions, proposed financial arrangements, leasing and economic and market data) as is reasonably necessary to the investment decision;
- (l) Primaris shall obtain and maintain at all times insurance coverage in respect of potential liabilities of Primaris and the accidental loss of value of the assets of Primaris from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and
- (m) Primaris shall obtain a building condition report and a Phase I environmental audit of each real property to be acquired by it and, if the Phase I environmental audit report recommends a Phase II environmental audit be obtained, Primaris shall obtain a Phase II environmental audit, in each case by an independent and experienced environmental consultant; as a condition to any acquisition, such audit must be satisfactory to the Trustees.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by Primaris will be deemed to be those of Primaris on a proportionate consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture.

Certain amendments to the Investment Guidelines (sections (c),(i)(i)D,(j),(k)) and Operating Policies (sections (c),(h),(i)) above were necessitated by the implementation of IFRS. These changes were approved by the Board of Trustees under the authority granted to them at the 2010 Annual and Special Meeting and the Board intends to seek ratification of these changes by Unitholders at the 2012 Annual General Meeting.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading "Investment Guidelines" and the operating policies contained in paragraphs (b), (e), (g), (h), (i), (l) and (m) set out under the heading "Operating Policies" may be amended only with the approval of two-thirds of the votes cast by Unitholders of Primaris at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

DISTRIBUTION POLICY AND HISTORY

The following outlines the distribution policy of Primaris as contained in the Declaration of Trust. The distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of Unitholders. Subject to compliance with such distribution policy, determinations as to the amounts actually distributable are in the discretion of the Trustees and shall be made by the Distribution Committee of the Board of Trustees.

General

Primaris may distribute to Unitholders on each Distribution Date such percentage of the revenue of the Trust for the calendar month then ended as the Trustees determine in their discretion.

Tax Deferral on Distributions

The adjusted cost base of Units held by a Unitholder generally will be reduced by the non-taxable portion of distributions made to the Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount, notwithstanding that the Unitholder has not sold any Units.

Distribution Reinvestment Plan

On February 4, 2013, Primaris indefinitely suspended its Distribution Reinvestment Plan

Distribution History

Distributions paid	Monthly Distribution per Unit	Annualized Distribution per Unit
August 2003 – July 2004	\$0.0854	\$1.02
August 2004 – July 2005	\$0.0900	\$1.08
August 2005 – December 2006	\$0.0950	\$1.14
January 2007 – December 2007	\$0.0983	\$1.18
January 2008 – December 2008	\$0.1016	\$1.22
January 2009 – December 2009	\$0.1016	\$1.22
January 2010 – December 2010	\$0.1016	\$1.22
January 2011 – December 2011	\$0.1016	\$1.22
January 2012 – December 2012	\$0.1016	\$1.22

Effective January 2013, the rate of distributions was increased to \$0.1059 per unit (\$1.27 per unit annualized).

Equity Incentive Plans

The Unitholders of Primaris approved an Equity Incentive Plan at the June 18, 2008 Annual and Special Meeting. The Equity Incentive Plan was reconfirmed at the Annual and Special Meeting held May 17, 2011. A copy of this plan may be obtained on SEDAR.

MARKET FOR SECURITIES

The Primaris Units are listed and posted for trading on the TSX under the trading symbol "PMZ.UN". The following table sets forth the high and low trading prices per outstanding Primaris Unit and currently outstanding 5.40% Debentures, 6.30% Debentures and 6.75% Debentures and trading volumes for the outstanding Primaris Units and such convertible debentures on the TSX for the periods indicated:

	Primaris Units (PMZ.UN)	6.75% Debentures (PMZ.DB)	6.30% Debentures (PMZ.DB.B)	5.40% Debentures (PMZ.DB.C)
January 2012				
High Price (\$)	21.96	173.93	130.97	104.00
Low Price (\$)	20.61	170.00	123.87	100.50
Trading Volume	3,126,840	200	21,510	6,200
February 2012				
High Price (\$)	22.57	177.93	134.92	103.77
Low Price (\$)	21.35	175.00	127.90	100.25
Trading Volume	2,169,147	60	7,490	7,410
March 2012				
High Price (\$)	22.70	183.91	135.76	103.00
Low Price (\$)	21.25	175.37	127.15	101.30
Trading Volume	4,973,135	300	35,280	13,510
April 2012				
High Price (\$)	23.23	187.89	137.48	103.00
Low Price (\$)	21.45	179.06	128.37	101.00
Trading Volume	2,680,040	820	7,310	9,780
May 2012				
High Price (\$)	23.39	186.22	139.80	103.79
Low Price (\$)	22.34	184.95	135.01	101.85
Trading Volume	3,147,427	1,480	14,910	14,250
June 2012				
High Price (\$)	23.95	191.07	142.85	104.16
Low Price (\$)	22.31	185.87	134.00	102.00
Trading Volume	3,954,579	1,070	23,330	5,280
July 2012				
High Price (\$)	24.25	196.87	144.49	111.00
Low Price (\$)	23.39	193.97	140.15	103.70
Trading Volume	3,768,885	160	8,820	6,850
August 2012				
High Price (\$)	24.93	198.11	145.73	106.00
Low Price (\$)	23.50	192.33	140.87	104.00
Trading Volume	3,360,548	180	16,890	11,900

	Primaris Units (PMZ.UN)	6.75% Debentures (PMZ.DB)	6.30% Debentures (PMZ.DB.B)	5.40% Debentures (PMZ.DB.C)
September 2012				
High Price (\$)	24.69	197.35	147.85	106.15
Low Price (\$)	23.57	197.35	140.95	104.25
Trading Volume	3,897,872	70	5,610	8,050
October 2012				
High Price (\$)	24.45	192.60	145.24	106.73
Low Price (\$)	23.15	189.50	138.70	104.50
Trading Volume	2,139,264	130	3,160	4,800
November 2012				
High Price (\$)	23.46	-	140.63	105.75
Low Price (\$)	22.44	-	135.55	103.00
Trading Volume	3,061,898	-	3,240	7,280
December 2012				
High Price (\$)	26.99	214.41	160.30	106.39
Low Price (\$)	22.84	214.41	138.40	104.00
Trading Volume	22,053,519	250	14,800	151,790

*In addition to the volume of units traded on the Toronto Stock Exchange, Bloomberg reports that an additional approximate 44 million Units were traded. These trades were made on private exchanges which may include Alpha Toronto, Pure Trading, Chi-X Canada, Omega exchanges and others.

Primaris' convertible unsecured subordinated debentures are listed and posted for trading on the TSX under the symbols PMZ.DB, PMZ.DB.B and PMZ.DB.C. The following tables set forth the high and low reported trading prices and the trading volume of Primaris convertible debentures on the TSX for the periods indicated:

MANAGEMENT OF PRIMARIS

The investment policies and operations of Primaris are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians and a majority of whom must be Independent Trustees except in certain limited circumstances. The role of the Trustees is similar to the role of directors of a corporation. The day-to-day activities of Primaris are directed by management.

BOARD OF TRUSTEES

The Declaration of Trust provides that the investment policies and operations of Primaris are the responsibility of the Board. The Declaration of Trust provides for a Board of between three and twelve Trustees. The number of Trustees is currently set at seven. The number of Trustees may be changed by the Voting Unitholders or, by the Trustees, provided that the Trustees may not, between meetings of Voting Unitholders, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Voting Unitholders. Subject to certain conditions, a vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees as long as they constitute a quorum or by Voting Unitholders at a meeting of the Voting Unitholders.

The Trustees are elected by resolution passed by a majority of the votes cast at a meeting of the Voting Unitholders. Trustees elected at an annual meeting are elected for terms expiring at the next annual meeting and are eligible for re-election. A Trustee elected to fill a vacancy is elected for the remaining term of the Trustee he or she is succeeding. Trustees may be removed with or without cause by a majority of the votes cast at a meeting of Voting Unitholders or with cause by two thirds of the remaining Trustees.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on a director of a corporation governed by the Business Corporations Act (Ontario). Accordingly, each Trustee is required to exercise the powers and discharge the duties of his office honestly, in good faith with a view to the best interests of Primaris and the Voting Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board is an experienced group of individuals from the real estate, retail and financial communities. The Trustees have full access to legal and financial advisors for advice.

For each Trustee, the following information includes the Trustee's jurisdiction of residence; age; all positions and offices held Primaris; principal occupations or employment during the past five years; status as an independent trustee; and the number and value of Units owned by each of them.

Trustee Name	Committee membership	Principal occupation for last five years
<p>Roland A. Cardy Toronto, ON Canada Trustee since: 2003 Independent</p>	<p>Audit Compensation</p>	<p>Since March 2003, Mr. Cardy has served as Managing Partner and a director of Gorbay Company Limited, a Toronto based private company that owns and operates multi-family properties. From 2000 to March 2003, Mr. Cardy was a Senior Managing Director at Raymond James Ltd. Prior to that, Mr. Cardy held a number of positions at The Toronto-Dominion Bank including Vice-Chair, Investment Banking from 1996 to 2000. Mr. Cardy also served on the Executive Committee and the Board of Directors of TD Securities Inc. from 1996 to 2000. Mr. Cardy has Bachelor of Arts (Economics and History) and Master of Business Administration degrees from York University. He also has completed the requirements of the Institute of Corporate Directors program.</p>
<p>Kerry D. Adams Toronto, ON Canada Trustee since: 2007 Independent</p>	<p>Audit Compensation Governance and Nominating, Chair</p>	<p>Ms. Adams has been President of K. Adams & Associates Limited providing wealth management services for trusts and private corporations since 1991. Ms. Adams was a Commissioner and Director of the Ontario Securities Commission from 1996 through 2003. Ms. Adams is a member of the Bank of Nova Scotia's Master Trust and Pension Investment and Administration Committees and a Director and Chair of the Audit Committee of Walmart Canada Bank. A Fellow of the Institute of Chartered Accountants (Ontario), Ms. Adams also holds a Bachelor of Arts (Honours Economics) from Queens University and is an Institute-certified Director of the Institute of Corporate Directors.</p>
<p>William J. Biggar Toronto, ON Canada Trustee since: 2003 Independent</p>	<p>Audit, Chair Governance and Nominating Distributions</p>	<p>Mr. Biggar is a corporate director. Previously, Mr. Biggar was President and CEO of North American Palladium between 2008 and 2012. Prior to that, Mr. Biggar was Managing Director of Richardson Capital Limited from 2004 to 2007, President and Chief Executive Officer of MI Developments Inc. from 2003 to 2004 and Executive Vice-President of Magna International Inc. from 2001 to 2003. From 1999-2001, Mr. Biggar was Executive Vice-President and Chief Financial Officer of Cambridge Shopping Centres Limited. Mr. Biggar has extensive experience in real estate acquisitions, development, financing and management. Mr. Biggar became a Chartered Accountant while working at what is now PricewaterhouseCoopers and also holds Bachelor of Commerce and Master of Business Administration degrees from the University of Toronto.</p>

Trustee Name	Committee membership	Principal occupation for last five years
Ian Collier Toronto, ON Canada Trustee since: 2003 Independent	Governance and Nominating Distributions, Chair	Mr. Collier is CEO and Partner of Perseis Partners Inc. Prior to that, in 2004 and 2005, Mr. Collier was President and CEO of Borealis Private Equity and President and CEO of OMERS Capital Partners. Between 2001 and 2004, Mr. Collier served as CEO of Borealis Capital Corporation. Mr. Collier was a director of Borealis Real Estate Management Inc. between May 2002 and February 2004 and a director of Oxford Properties Group Inc. between 2001 and 2004. Mr. Collier holds a Bachelor of Arts (Economics) from Wilfrid Laurier University.
Kenneth A. Field Toronto, ON Canada Trustee since: 2005 Independent	Audit Governance and Nominating, Chair Compensation	Mr. Field is a retired Investment Banker. Between 1996 and 2000, Mr. Field was Senior Vice President, Head of Real Estate Investment Banking with Midland Walwyn Inc. / Merrill Lynch Canada Inc. Mr. Field has over 35 years of experience in major real estate sales and financings across Canada, including many regional shopping centres. He is a member of the Canadian Institute of Chartered Accountants, a former member of the Board of Governors of the Toronto Stock Exchange and a former Chair of the Board of Governors of the Toronto Futures Exchange.
Brent Hollister Toronto, ON Canada Trustee since: 2009 Independent	Distributions Compensation	Mr. Hollister has been actively involved in the Canadian retail industry for over 35 years. He retired from his role as Chief Executive Officer of Sears Canada Inc. in 2006. Mr. Hollister is a director for Holiday Group Holdings Inc. a private equity company, and the Advisory Board of the Boys & Girls Club Foundation of Canada. A graduate of Ryerson, Mr. Hollister has completed the requirements of the Institute of Corporate Directors program.
John Morrison Mississauga, ON Canada Trustee since: 2010 Non-Independent	Distributions	Mr. Morrison is President and CEO of Primaris Retail REIT and has over 30 years experience in the commercial real estate industry, primarily in the shopping centre asset class. Prior to his appointment as CEO of Primaris, Mr. Morrison was President, Real Estate Management at Oxford Properties Group, where he was responsible for the performance of Oxford's \$10 billion domestic portfolio of office, industrial, multi-family residential and shopping centre properties including Primaris properties. Mr. Morrison is on the Board of Trustees for the International Council of Shopping Centres, and currently serves on the Executive Committee as Divisional Vice President for Canada. He is also former Vice Chairman of the Urban Land Institute Toronto District Council.

Each independent Trustee receives their retainer of \$90,000 in Restricted Units.

OFFICERS

The names and municipalities of residence of Primaris' executive officers and the principal occupations of each during the preceding five years are:

Name & position with Primaris	Location	Principal occupation for last five years
John Morrison President & Chief Executive Officer	Mississauga, Ontario, Canada	2009–current, President & CEO, Primaris Retail REIT 2008–2009, President, Real Estate Management, OPGI Management GP Inc. 2004–2008, Senior Vice President, Real Estate Management, OPGI Management GP Inc.

Name & position with Primaris	Location	Principal occupation for last five years
Louis M. Forbes Executive Vice President & Chief Financial Officer	Toronto, Ontario, Canada	2009–current, Executive Vice President and Chief Financial Officer, Primaris Retail REIT 2009, Senior Vice President and Chief Financial Officer, Primaris Retail REIT 2004–2008, Senior Vice President, OPGI Management GP Inc. and Senior Vice President & Chief Financial Officer, Primaris Retail REIT
Patrick Sullivan Senior Vice President Portfolio Management	Calgary, Alberta, Canada	2011-current, Senior Vice President, Portfolio Management, Primaris Retail REIT 2010–2011, Vice President, Real Estate Management, Primaris Retail REIT 2004-2009, Director, Retail Leasing, OPGI Management GP Inc.
Devon Jones Vice President Legal & Secretary	Toronto, Ontario, Canada	2010–current, Vice President Legal and Secretary, Primaris Retail REIT 2001–2009, Vice President Legal, OPGI Management GP Inc.
Toran Eggert Vice President Portfolio Management	Toronto, Ontario, Canada	2011–current, Vice President, Portfolio Management, Primaris Retail REIT 2004-2011, Vice President, Development Leasing, Redcliff Realty Management
Lesley Gibson Vice President Finance	Toronto, Ontario, Canada	2010–current, Vice President, Finance, Primaris Retail REIT 2004–2009, Vice President Corporate Reporting, OPGI Management GP Inc.
Leslie Buist Vice President Finance	Oakville, Ontario, Canada	2010–current, Assistant Vice President, Finance, Primaris Retail REIT 2008–2009, Controller, Great Restaurants Services Inc. 2005–2008, Director of Finance, Cara Operations Limited
Ron Perlmutter Vice President Investments	Toronto, Ontario, Canada	2010–current, Vice President, Investments, Primaris Retail REIT 2004–2009, Vice President, Investments, OPGI Management GP Inc.
Anne Morash Vice President Development	Toronto, Ontario, Canada	2010–current, Vice President, Development, Primaris Retail REIT 2002–2010, Vice President, Development, Cadillac Fairview Corp.
Oliver Hobday Assistant Secretary	Toronto, Ontario, Canada	2010–current, Director, Legal and Assistant Secretary, Primaris Retail REIT 2005–2009, Legal Counsel, OPGI Management GP Inc.

Officers of Primaris may be appointed and discharged, and their powers and responsibilities are determined by the Trustees.

The Trustees and Officers of Primaris collectively hold 329,486 Units (direct and indirect holdings, plus Restricted Units) which represents 0.33% of the issued and outstanding Units at December 31, 2012.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as set out below, to the best of the knowledge of management no person or company who is a Trustee of Primaris:

- (a) is, as at the date of this Annual Information Form or has been, within the 10 years before the date of this Annual Information Form, a director or chief executive officer or chief financial officer of any company, that:
 - (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an “order”, for a period of more than 30 consecutive days;
 - (ii) was subject to an order that was issued after that person ceased to act in that capacity and which resulted from an event that occurred while the person was acting in that capacity; or
 - (iii) while the person was acting in that capacity or in the capacity as another executive officer, within a year of that person ceasing to act in any such capacity, became

bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or Unitholder.

Mr. Biggar was a director of Cabletel Ltd from June 2001 to November 24, 2003. Cabletel Ltd. filed a proposal under the Bankruptcy and Insolvency Act (Canada) on June 9, 2004.

CONFLICT OF INTEREST RESTRICTIONS AND PROVISIONS

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on Primaris. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the Business Corporations Act (Ontario), that require each Trustee to disclose to Primaris any interest in a material contract or transaction or proposed material contract or transaction with Primaris. A Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to his remuneration or for indemnity under the provisions of the Declaration of Trust or liability insurance.

INDEPENDENT TRUSTEE MATTERS

The following matters require the approval of a majority of the Independent Trustees to become effective:

- (1) a material change to any head lease or the interest rate subsidy agreement or any renewal, extension or termination thereof or any increase in the fees payable thereunder (including transaction fees, if any);
- (2) the entering into, waiver of or exercise of any rights or remedies under any agreement entered into by Primaris with any Trustee who is not an Independent Trustee, or any of their respective related parties;
- (3) the refinancing or renewal of any indebtedness owing to any Trustee who is not an Independent Trustee, or any of their respective related parties;
- (4) the making, directly or indirectly, of any co-investment with any Trustee who is not an Independent Trustee, or any of their respective related parties;
- (5) the grant of options or issuing of Units under any option or purchase plan provided to any Trustee, any officer and/or others;
- (6) any change in the number of Trustees of Primaris and the appointment of Trustees to fill any vacancies created by any increase in the number of Trustees;
- (7) decisions relating to compensation of Trustees; and
- (8) any claim by or against any vendor or any of their respective related parties.

AUDIT COMMITTEE MANDATE

The mandate for the Audit Committee is available on SEDAR and is incorporated in this document by reference.

AUDIT FEES: AUDIT RELATED FEES, TAX FEES AND ALL OTHER FEES

Type of Work	2012	2011	Difference
Audit Fees ⁽¹⁾	\$465,193	\$459,030	1.3%
Audit Related fees: Assurance and related services	718,119 ⁽²⁾	571,228 ⁽³⁾	25.7%
Tax services	369,687 ⁽⁴⁾	225,619 ⁽⁵⁾	63.9%
All other fees	110,084 ⁽⁶⁾	225,500 ⁽⁷⁾	-51.2%
Total fees	\$1,663,084	\$1,481,377	12.3%

- (1) Audit fees include the aggregate professional fees paid to the external auditors for the audit of the annual consolidated financial statements and the review of quarterly financial statements.

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- (2) 38% of these fees are related the auditor's involvement in the prospectus.
 - (3) 22% of these fees are related the auditor's involvement in the prospectus.
 - (4) 55% of these fees are related to tax advisory work.
 - (5) 27% of these fees are related to tax advisory work.
 - (6) 91% of these fees are related to French translation work.
 - (7) 22% of these fees are related to French translation and 71% of these fees are related to IFRS work.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No Trustee, officer or employee of Primaris, or any associate or affiliate of any of the foregoing persons has or had a material interest in any transaction within the three most recently completed financial years or during the current financial year or has any material interest in any proposed transaction, in each case that has materially affected, or will materially affect, Primaris or any of its subsidiaries.

INTERESTS OF EXPERTS

Primaris' auditors are KPMG LLP who has prepared the Auditors' Report to Unitholders in respect of its audited annual consolidated financial statements. KPMG LLP has advised that they are independent with respect to Primaris within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of Primaris is CIBC Mellon Trust Company Inc., Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Primaris may be found on SEDAR at www.sedar.com. Additional information including trustees' and officers' remuneration and principal holders of securities is contained in Primaris' Management Information Circular for its most recent meeting of Voting Unitholders that involved the election of Trustees. Additional financial information is provided in Primaris' financial statements and MD&A for its most recently completed financial year. Primaris will provide to any person or company, upon request to the Chief Financial Officer of Primaris, an Annual Information Form, a copy of the comparative financial statements of Primaris for the years ended December 31, 2011 and 2010 together with the accompanying report of the auditors and a copy of any financial statements of Primaris subsequent to the financial statements for the year ended December 31, 2011; and the latest Management Information Circular of Primaris.

**Primaris Retail Real Estate Investment Trust
Office of the Chair
Suite 900
1 Adelaide Street East
Toronto, Ontario, M5C 2V9**

GLOSSARY

"Affiliate" has the meaning ascribed thereto in National Instrument 45-106 Prospectus and Registration Exemptions.

"Anchor" means a national department store with GLA > 50,000 SF.

"CRA" means the Canada Revenue Agency.

"CDS" means The Canadian Depository for Securities Limited and any successor corporation.

"CRU" means a commercial retail unit with a GLA of less than 15,000 SF.

"Declaration of Trust" means the declaration of Trust dated as of March 28, 2003, which is governed by the laws of the Province of Ontario, pursuant to which Primaris was created, as amended and restated on July 17, 2003, July 18, 2005, May 17, 2006, June 13, 2007, March 8, 2010 and March 1, 2012.

"Distributions" means, such percentage of the revenue of the Trust for the calendar month then ended as the Trustees determine in their discretion for payment to Unitholders.

"Distribution Date" means, in respect of a month, on or about the 15th day of the following month.

"Distribution Reinvestment Plan" or **"DRIP"** means the distribution reinvestment plan adopted by Primaris, pursuant to which Canadian resident Unitholders are entitled to elect to have cash distributions in respect of Units automatically reinvested in additional Units.

"Existing properties" means the twenty-nine principal properties and several smaller properties referred to herein which are currently owned by Primaris.

"Funds from Operations" which is not a defined term within Canadian generally accepted accounting principles for publically accountable enterprises, has been calculated by Primaris management, using Canadian generally accepted accounting principles, in accordance with REALPac's White Paper on Funds from Operations. The White Paper defines Funds from Operations as net income adjusted for fair value adjustment on investment properties, fair value adjustment on convertible debentures, fair value adjustment on exchangeable units, fair value adjustment on unit-based compensation, distributions on exchangeable units, and amortization of tenant improvement allowances. Funds from Operations may not be comparable to similar measures used by other entities.

"GAAP" means Canadian generally accepted accounting principles for publically accountable enterprises determined with reference to Part 1 of The Handbook of The Canadian Institute of Chartered Accountants, as amended from time to time. Except as otherwise specified, all accounting terms used in this Annual Information Form shall be construed in accordance with GAAP.

"GLA" means gross leasable area measured in SF. GLAs for Shopping Centres are expressed in approximations.

"GPCO Trust" means GPCO Trust, a Trust formed under the laws of Ontario.

"Independent Trustee" means trustee as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

"Major" means a tenant with GLA between 15,000 SF and 50,000 SF.

"Note Indenture" means the trust indenture providing for the issuance of the Series 1 Trust Notes, Series 2 Trust Notes and Series 3 Trust Notes made between PRR Trust and CIBC Mellon Trust Company or its successors as trustee under the Note Indenture.

"Person" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof.

"Plans" means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans, each as defined in the Tax Act.

"PSF" means per square foot.

"Primaris Retail REIT", "Primaris" or the "REIT" means Primaris Retail Real Estate Investment Trust and, where the context requires, includes its Subsidiaries on a consolidated basis.

"Primary Trade Area" means the geographical area around a shopping centre from which approximately 60-70% of its customers are drawn.

"PRR Trust" means PRR Trust, a Trust established on January 2, 2002 under the laws of the Province of Ontario. PRR Trust was formerly known as BRR Trust prior to March 21, 2007.

"Series 1 Trust Notes" means the interest-bearing Series 1 unsecured subordinated promissory notes of PRR Trust issued to Primaris pursuant to the Note Indenture.

"Series 2 Trust Notes" means the interest-bearing Series 2 unsecured subordinated promissory notes of PRR Trust to be issued to Primaris from time to time pursuant to the Note Indenture.

"Series 3 Trust Notes" means the interest-bearing Series 3 unsecured subordinated promissory notes of PRR Trust to be issued to Primaris from time to time pursuant to the Note Indenture.

"Series 4 Trust Notes" means the interest-bearing Series 4 unsecured subordinated promissory notes of PRR Trust to be issued to Primaris from time to time pursuant to the Note Indenture.

"Shadow Anchor" means an Anchor or Major retailer who occupies premises that are not owned by Primaris but are adjacent to Primaris property.

"SF" means square feet.

"Subsidiary" has the meaning ascribed thereto in National Instrument 45-106 Prospectus and Registration Exemptions.

"Tax Act" means the *Income Tax Act* (Canada), as amended.

"Trustees" means the Trustees of Primaris.

"TSX" means The Toronto Stock Exchange.

"Unitholder" means a holder of Units or a holder of Special Voting Units.

"Units" means units of Primaris as traded on the TSX under the symbol PMZ.UN.

"Voting Unitholder" means a Unitholder or a holder of Special Voting Units.

"Voting Units" means Units and Special Voting Units.

